

Message Text

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PAGE 01 SEOUL 07796 280951Z

13

ACTION COME-00

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PASS EXIM

E.O. 11652: N/A

TAGS: BENC KS

SUBJ: EXIM AND KOREA CHEMICAL PULP COMPANY MILL

REF: STATE 228438, SEOUL 7522

1. FURTHER DISCUSSIONS WITH EPB CONFIRM THE FIRST REFERENCE REPORT THAT IT UNDERSTANDS KIMTECH, A SUBSIDIARY OF KIMBERLY CLARK, WAS TOLD BY EXIM TO PRESS THE ROKG TO BE PUT ON THE ROKG PRIORITY LIST FOR EXIM FINANCING. WE HAD UNDERSTOOD FROM THE DUBRUL VISIT, HOWEVER, THAT THE PRIORITY LIST WOULD NO LONGER BE USED, AND THAT PLANS FOR EXIM FINANCING WOULD ONLY BE DISCUSSED DURING SEMI-ANNUAL ROKG-EXIM REVIEW IN WASHINGTON. THE EPB IS THEREFORE CONFUSED BY THE APPARENT CONFLICT.

2. WE HAVE NOT, OF COURSE, HAD AN OPPORTUNITY TO MEET WITH THE KECO-ROKG TEAM THAT WENT TO WASHINGTON LAST WEEK TO REVIEW OVERALL POWER STRATEGY, AS WELL AS OTHER POSSIBLE PROJECTS FOR EXIM FINANCING. BEFORE THAT MEETING, HOWEVER, EPB TOOK THE VIEW THAT THERE IS LIKELY TO BE LITTLE OR NO EXIM FINANCING FOR NON-POWER AND PARTICULARLY PRIVATE MANUFACTURING PROJECTS. THEY ARE THEREFORE STEERING AMERICAN SUPPLIERS TO THE PRIVATE BANKS, WHICH, HOWEVER, ARE UNLIKELY TO OFFER TERMS COMPETITIVE WITH JAPANESE OR EUROPEAN SUPPLIERS ABLE TO GET GOVERNMENT-SPONSORED CREDIT.

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PAGE 02 SEOUL 07796 280951Z

3. SINCE IT INVOLVES MAJOR U.S. BUSINESS INTERESTS, WE WOULD LIKE
CONFIRMATION OF EPB'S CONCLUSION, I.E., THAT AMERICAN SUPPLIERS
OF CAPITAL EQUIPMENT IN FIELDS OUTSIDE OF POWER, ARE UNLIKELY
TO BE ABLE TO GET EXIM FINANCING. IF TRUE, WE ARE LIKELY TO SEE
THIRD COUNTRIES WIN MOST OF THE NON-POWER BUSINESS, AS HAPPENED
PREVIOUSLY IN THE CASE OF DOW AND AMOCO-SAMSUNG, AND AS SEEMS
NOW TO BE HAPPENING IN THE RCA AND KIMTECH CASES. KNOWING THIS
IN ADVANCE WILL, OF COURSE, SAVE U.S. BUSINESS, AS WELL
AS THIS EMBASSY, A GOOD DEAL OF VAIN EFFORT.
STERN

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